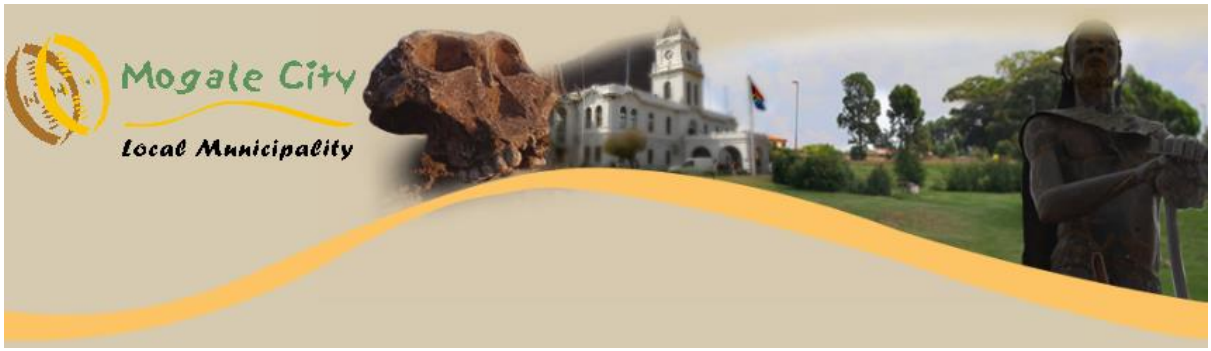
ANNEXURE 1



MOGALE CITY LOCAL MUNICIPALITY

PROPERTY RATES POLICY

2019 -2020

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ANNEXURE 1

Table of Contents

SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES 3

SECTION B: CATEGORIES OF PROPERTY 11

SECTION C: DIFFERENTIAL RATING 13

SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES 13

SECTION E: LIABILITY FOR RATES 20

SECTION F: DISCLAIMER AND DELEGATION OF POWER 25

APPROVED

ANNEXURE 1

SECTION A: INTRODUCTION, DEFINITIONS AND PRINCIPLES

1. INTRODUCTION

The municipality need a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

Municipal property rates are set, collected, and used locally. Revenue from property rates is spent within a municipality, where the citizens and voters have a voice in decisions on how the revenue is spent as part of the Integrated Development Plans (IDPs) and budget processes, which a municipality invites communities to input prior municipal council adoption of the budget.

LEGISLATIVE CONTEXT

1.1 This policy is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.

1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.

1.3 In terms of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-

a. Section 2(1), may levy a rate on property in its area; and
b. Section 2(3), must exercise its power to levy a rate on property subject to-

i. Section 229 and any other applicable provisions of the Constitution;
ii. the provisions of the Property Rates Act and any regulations promulgated in terms thereof; and
iii. the rates policy.

1.4 In terms of Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, *inter alia*, rates on property.

1.5 In terms of Section 62(1) (f) (ii) of the Local Government: Municipal Finance

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Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

1.6 This policy must be read together with, and is subject to the stipulations of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004) and any regulations promulgated in terms thereof from time to time.

2 DEFINITIONS

2.1 "**Act**" means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);

2.1 "**Agent**", in relation to the owner of a property, means a person appointed by the owner of the property-

(a) to receive rental or other payments in respect of the property on behalf of the owner; or

(b) to make payments in respect of the property on behalf of the owner;

2.2 "**Agricultural property**" means farmland as envisaged in section 8(2) (d) (i), (e) and (f) (i) of MPRA

2.3 **Annually**" means once every financial year;

2.4 **Bona fide farmers'** is a person who is a fulltime farmer, who owns land that is used *bona fide* and exclusively used for agricultural purposes by him or occupiers of such

2.5 **Business**" means the use of property for the activity of buying, selling or trading in commodities or services on a property and includes any office or other accommodation on the same property, the use of which is incidental to such activity, but does not include the business of agriculture, farming, or any other business consisting of the cultivation of soils, the gathering in of crops, the rearing of livestock or the propagation and harvesting of fish or other aquatic organisms.

2.6 **Category"**

a) in relation to property, means a category of properties determined in terms of Section 7 of this policy; and

b) in relation to owners of properties, means a category of owners determined in terms of Section 8 of this policy.

2.7 **"Child-headed household"** means a household where the main caregiver of the said household is younger than 18 years of age. Child-headed household means a household headed by a child as defined in the section 28(3) of the Constitution.

2.8 **"Commercial"** means land used or a building designed or used for such purpose as distribution centres, wholesale trade, storage, computer centres, warehouses, cartage and transport services and laboratories and may also include offices such as are usually ancillary to or reasonable necessary in

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connection with the main use.

2.9 **"Definitions, words and expressions"** as used in the Act are applicable to this policy document where ever it is used;

2.10 **''Educational (Private School)''** means a school that is established, conducted, and primarily supported by nongovernmental agency or a group of private individuals and is under the financial and managerial control of a private body or charitable trust, accepting mostly fee-paying pupil.

2.11 **"Grant- in-aid"** means an additional grant awarded to persons who are in receipt of an old age grant, disability grant or war veteran's grant, and are unable to take care of themselves.

2.12 **"Improvement"** means any building or structure on or under a property excluding-

(i) a structure constructed solely for the purpose of rendering the property suitable for the erection of any immovable structure thereon, and

(ii) buildings, structures and equipment or machinery referred to in Section 46 (3) of the Act;

2.13 **"Indigent"** means any household that is legally resident in the Country and reside in Mogale City's jurisdictional area, who due to a number of economic and social factors is unable to pay Municipal basic services and registered as indigent in terms of the Indigent Management Policy of the Municipality;

2.14 **"Industrial"** means the use of land or a building designed or used as a factory within the meaning of the factories, Machinery and Building Works Act, 1941(Act 22 of 1941) and any amendments thereof and includes any office or other building on the same site, the use of which is usually incidental to, or reasonably necessary in connection with the use of such factory but shall not include noxious industrial uses and public garages.

2.15 **''Place of Public Worship''** means a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

2.16 **"Land reform beneficiary",** in relation to a property, means a person who

(a) acquired the property through –

(i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or

(ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

(b) holds the property subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

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(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25(6) and (7) of the Constitution (Act No.108 of 1996) be enacted after this Act has taken effect;

2.17 **"Land tenure right"** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004 (Act No.11 of 2004);

2.18 **"Market Value"** in relation to a property, means the amount the property would have realized if sold on the date of valuation in the open market by a willing seller to a willing buyer.

2.19 **"Mining"**, means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any mineral residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto and or property used for mining operations as defined in the Mineral and Petroleum Resource Development Act, 2, (Act No.28 of 2002).

2.20 **"Multiple use purpose"** in relation to a property, means the use of a property for more than one purpose.

2.21 **"Municipality"** means the Mogale City Local Municipality;

2.22 **"Municipal property"** means any rateable or non-rateable property owned by Mogale City.

2.23 **"Newly Rateable property"** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding –

(a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and

(b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

2.24 **"Non-permitted use"** means any use of property that is inconsistent with or in contravention with the permitted use of that property in which event and without condoning the non-permitted use thereof, the property shall be valued as if it were used for such non-permitted purposes only;

2.25 **"Occupier"** means a person in actual occupation of a property, whether or not that person has the right to occupy the property.

2.26 **"Owner"-**

(a) in relation to a property referred to in paragraph (a) of the definition of "property", means a person in whose name ownership of the property is registered;

(b) in relation to a right referred to in paragraph (b) of the definition of "property", means a person in whose name the right is registered;

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(c) in relation to a land tenure right referred to in paragraph (c) of the definition of "property", means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to public service infrastructure referred to in paragraph (d) of the definition of "property", means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of "publicly controlled", provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:-

(i) a trustee, in the case of a property in a trust excluding state trust land;

(ii) an executor or administrator, in the case of a property in a deceased estate;

(iii) a trustee or liquidator, in the case of a property in an insolvent estate or in

(iv) a judicial manager, in the case of a property in the estate of a person under

(v) a curator, in the case of a property in the estate of a person under curatorship;

(vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;

(vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or

(viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

2.27 **''Office bearer''** In relation to place of public worship, means the primary person who officiate at services at that place of worship.

2.28 **''Official residence In relation to place of public worship'', means:-**

a) A portion of the property used for residential purposes,

b) One residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of religious community/ in the name of trust established for the sole benefit of a religious community and used as place of residence for an office bearer.

2.29 **"Pensioner"** for purposes of this Rates Policy and eligibility for old age rebate, pensioner means any owner of a rateable property who has reached the age of 60 years or more during the Municipality's financial year.

2.30 **"Private Open Space"** means an open space to which the general public has no right of access.

2.31 **"Privately owned towns serviced by the owner**" means single properties, situated in an area not ordinarily being serviced by the municipality, divided through sub-division or township establishment into (ten or more) full title stands and / or sectional units and where all services inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate.

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2.32 **"Property"** means –

(a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
(d) Public service infrastructure.

2.33 **"Public Benefit Organization"** means property owned by public benefit organisations and used for any specified benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of the Ninth Schedule to the Income Tax Act.

2.34 **"Public Open Space"** means an open space to which the general public has access and includes, inter alia, a park, garden, play park, recreational park or square.

2.35 **"Public Service Infrastructure"** means publicly controlled infrastructure of the following kinds:-

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed; or

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(j) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

2.36 **''Public Service Purpose"** in relation to the use of a property, means property owned and used by an organ of state such as:-

- Hospitals & Clinics
- Schools & Pre-Schools
- ECDC's
- National & Provincial Libraries and Archives
- Police Stations
- Correctional Facilities and
- Courts of law.

2.37 **"Rateable property**" means property on which the municipality may in terms of Section 2 of the Act levy a rate, excluding property fully excluded from levying of rates in terms of Section 17 of the Act.

2.38 **"Residential property"** means improved property that:-

(a) is used predominantly (60% or more) for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes.

(b) is a unit registered in terms of the Sectional Title Act and used predominantly for residential purposes.

(c) Is owned by a share-block company and used solely for residential purposes.

(d) Is a residence used for residential purposes situated on property used for or related to educational purposes.

(e) For the purpose of this rates policy, excludes hostels, communes, boarding and lodging undertakings, places of instruction, hotels, guesthouses, and any vacant land irrespective of its zoning or intended use.

2.39 **"Special Use"** means land used or a building designed or used for any use Other than one of the uses specifically defined and mentioned in the Krugersdorp Town Planning Scheme 1980.

2.40 **"State trust land"** means land owned by the state-

(a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;

(b) over which land tenure rights were registered or granted; or

(c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994).

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2.41 **"Vacant properties"** means any property irrespective of its zoning and/or current land use that does not have any immovable improvements on it.

3 PRINCIPLES

3.1 Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation rolls.

3.2 As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property as contemplated in clause 7 and 8 of this policy. Some categories of property and categories of owners are granted relief from rates as contemplated in clause 11 to 13 of this policy. The municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

3.3 There would be no phasing in of rates based on the new valuation roll, except as prescribed by legislation and in accordance with clause 16 of this policy.

3.4 The rates policy for the municipality is based on the following principles:

(a) Equity

The municipality will treat all ratepayers with similar properties the same.

(b) Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

(c) Financial Sustainability

Rating of property will be implemented in a way that:

i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and

ii. Supports local social economic development

(d) Cost efficiency

Rates will be based on the value of all rateable property and will be used to fund community and subsidised services after taking into account surpluses generated on trading (water, electricity) and economic (refuse removal, sewerage removal) services and the amounts required to finance exemptions, rebates, reductions and phasing-in of rates as approved by the municipality from time to time.

(e) Poverty Alleviation

(f) Encourage development of property in Mogale City

APPROVED

ANNEXURE 1

4 SCOPE OF THE POLICY

4.1 This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. Details pertaining to the applications of the various property rates are published annually in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

5 APPLICATION OF THE POLICY

5.1 In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the categories of properties and categories of owners as allowed for in this policy document.

6 PRINCIPLES APPLICABLE TO FINANCING OF SERVICES

6.1 The municipal manager or his/her nominee must, subject to the guidelines provided by the National Treasury and Council of the municipality, make provision for the following classification of services.

(a) Trading services

i. Water

ii. Electricity

(b) Economic services

i. Refuse removal

ii. Sewerage disposal

(c) Community and subsidised services

These include all those services ordinarily being rendered by the municipality excluding those mentioned in 6.1(a) and (b).

6.2 Trading and economic services as referred to in clauses (a) and (b) must be ring fenced and financed from service charges whilst community and subsidized services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

SECTION B: CATEGORIES OF PROPERTY

7 CATEGORIES OF PROPERTIES

7.1 In determining the category of a property referred to in 7.1 the municipality shall take into consideration the following criteria or a combination thereof:-

- The current use of the property;

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- Permitted use of the property; and

The Municipal Valuer of Mogale City will be responsible for the categorizing of rateable properties and the maintenance thereof, and any change in the actual use of the property, may result in a change of categories.

7.2 In order to create certainty and to ensure consistency the criteria mentioned above shall be applied in order of priority and no deviation is permissible:-

7.3 Properties shall first of all be categorised in accordance with their formal zoning. Town planning schemes, town establishment schemes and town planning regulations may be used to determine the formal zoning.

7.4 If, for whatever reason, the status or zoning of a property cannot be determined in terms of 7.3.1 the actual use shall then be determined in order to appropriately categorise such property.

7.5 All relevant information, including circumstantial evidence, may be taken into consideration in an attempt to determine for what purpose the property is being used. A physical inspection may be done to acquire the necessary information.

7.6 The geographical area in which a property is situated may be used to assist in the categorisation of a property when the provisions of 7.3.1 cannot be applied. However, the geographical area as a criterion should not be used in isolation.

7.7 Different rates may be levied in respect of the following categories of rateable properties and such rates will be determined on an annual basis during the compilation of the annual budget:-

7.7.1 Residential properties;

7.7.2 Industrial properties;

7.7.3 Business and Commercial properties;

7.7.4 Agricultural properties (including small holdings used for agricultural purposes);

7.7.5 Mining properties;

7.7.6 Public Service Infrastructure;

7.7.7 Properties used for public service purposes (State Owned Properties)

7.7.8 Vacant properties (Residential & Non-Residential);

7.7.9 Multiple use properties;

7.7.10 Public Benefit Organization;

7.7.11 Place of public worship;

7.7.12 Educational (Private Schools);

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7.7.13 Private Open Space;

7.7.14 Municipal Properties

7.8 Rates on properties used for multiple purposes will be levied as follows:-

(a) In accordance with the "permitted use of the property".

(b) In accordance with the "dominant use of the property" if (a) cannot be applied; or

(c) In accordance with the "different uses" by apportioning the market value of a category of property to the different purposes for which the property is used if both (a) and (b) above cannot be applied.

SECTION C: DIFFERENTIAL RATING

8 DIFFERENCIAL RATING

8.1 Criteria for differential rating on different categories of properties will be according to:-

(a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.

(b) The promotion of social and economic development of the municipality.

8.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; and

SECTION D: RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES AND CATEGORIES OF OWNERS OF PROPERTIES

9 CATEGORIES OF OWNERS

9.1 For the purpose of granting exemptions, reductions and rebates in terms of clause 10, 11 and 12 respectively the following categories of owners of properties are determined:-

(a) Indigent
100% rebate will be granted to those owners who qualify and who are registered as indigents in terms of the adopted indigent policy of the municipality;

(b) Retired and the physically and mentally disabled
A pensioner who by definition is a person who will have reached the age of 60 or more during the Municipality's financial year for which the rebate will be applicable, or a person who is physically or mentally disabled and who can

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prove that he/she receives a social pension, or a person certified by the Health Practitioner as being physically or mentally disabled may, in terms of the Act receive a remission of 45% on the general property rates due for the financial year. The rebate is granted subject to the following conditions:

i) The joint household income of the applicant if any, may not exceed **R120 000 per annum** for a financial year, which amount may be reviewed during the Municipality's annual budget process;

ii) The rateable property in question must be owned by the pensioner and may be occupied by only the applicant and his/her spouse, if any, and by dependants with no income, or by certain persons in specific circumstances at the discretion of the Chief Financial Officer. However, the rateable property excludes residential properties i.e. old age homes that are only occupied but not owned by the pensioners.

iii) The application for remission for the financial year must be received before 30 June of the preceding year on a form (which will be made available for this purpose by the Chief Financial Officer) and the information furnished must be substantiated by an affidavit by the applicant.

NB: Applications sent by mail must reach the office on or before the closing date. The Municipality does not accept any responsibility/liability for postal items (including registered post) that do not reach us.

(iv) The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally disabled person, proof of receipt of a social pension and/or, if no such pension is received, proof of certification by a Health Practitioner.

(v) The applicant's current account must be paid in full, or if not, an arrangement to pay the debt must be in place.

(vi) The property must be categorised as residential;

(vii) If the applicant complies in all respects with these conditions, the amount remitted will be credited on the account and will be included in the monthly levy.

(viii) This rebate is subject to the availability of funds in the applicable financial year.

The above category of properties will be treated in terms of clause 13 of this Policy;

(c) Disaster-hit property owners:

Owners of property situated within an area affected by-

i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or

ii. Serious adverse social or economic conditions.

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The above category of customers will be treated in terms of clause 11 of this Policy;

(d) Residential property owners:

Owners of residential properties with a market value below the amount as determined annually by the municipality in its budget This category of customers will be treated in terms of clause 10.1 of this policy;

(e) Farm owners:

Owners of farm properties as referred to in clause 12.1; and

(f) Child headed families:

Child headed families where any child of the owner or child who is a blood relative of the owner of the property, is responsible for the care of siblings or parents of the household. This category of customers will be treated in terms of clause 10.4 of this policy;

10 EXEMPTIONS AND IMPERMISSIBLE RATES

10.1 The following categories of property are exempted from rates:-

(a) Municipal properties:

Municipal properties exclusively used and/or occupied by Mogale City are exempted from paying rates as it will increase the rates burden or service charges to property owners or consumers. However, the municipality may levy rates and taxes on its own properties if the properties fall within the following categories:-

(i) Municipal properties that are leased out, more so on long leases, the lessee will be responsible for the payment of the determined property rates.

(ii) Municipal properties that have been sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer.

(b) Residential properties

(Including residential properties in Privately Owned towns)

The first R50 000.00 value is exempted on the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality for residential properties; or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes. The impermissible rates on the R15 000 contemplated in terms of section 17(1) (h) of the Property Rates Act is included in the amount referred to above as annually determined by the

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municipality. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty.

(c) Development/Improvement of Vacant Land

(i) In relation to vacant land developed with a dwelling house, the same rebates will apply as in 10.1 (b) above ***backdated to date of transfer*** provided that the owner submits proof of finalising the residential property (Occupation Certificate) within a year of purchase and transfer of the property.

(ii) In relation to vacant land sub-divided for the development of freehold ownership residential properties, each property will be rated at the imposed category after development, **backdated to date of issuance of building completion certificate**, provided that the property was developed within a 24-month period from date of approval of the township establishment. The onus remains with the owner to submit proof (Occupation Certificate) that the property development complies to the 24-month time frame.

10.2 Exemptions in 10.1 (a) and (b) will automatically apply and no application is thus required. In the event of any change in use, ownership and/or status of any nature that may affect exclusion of rates hereof during a financial year, the beneficiary in receipt of such exclusion from rates must notify the municipality and immediately becomes liable for any rates payable on the property, effective from the date such change may have occurred.

10.3 Exemptions in 10.1 (c) will not automatically apply. The onus remains with the owner to submit proof that he has finalised the residential building within 1 year of purchase and transfer of same.

10.4 The following categories of owners are exempted from rates:-

(a) Child headed families:

i. Child headed families are exempted from paying rates, according to monthly household income. To qualify for exemption the head of the family must:-

ii. Occupy the property as his/her normal residence;

iii. Not be older than 18 years of age;

iv. Still be a scholar or jobless; and

v. Be in receipt of a total monthly household income from all sources not exceeding an amount equal to twice the amount of two state pensions;

vi. These applications must be made in terms of the in terms of the adopted indigent policy of the municipality.

(b) Indigent consumers:

Owners who qualify, and who are registered as indigents in terms of the adopted indigent policy of the municipality.

Applications must be accompanied by

APPROVED

ANNEXURE 1

i a certified copy of the identity document or any other proof of the applicant's age which is acceptable to the municipality;

ii. sufficient proof of total household income; which must not exceed an amount equal to twice the amount of two state pensions;

iii. an affidavit from the applicant;

v. a Letter of Authority issued by a Court of Law if not the registered owner of the property.

These applications must be made in terms of the in terms of the adopted indigent policy of the municipality.

The municipality retains the right to refuse the exemption if the details supplied in the application form were incomplete, incorrect or false.

10.5 Impermissible Rates:
In terms of section 17(1) of the Property Rates Act 17 the municipality may, inter alia, not levy a rate:-

(a) On those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No.57 of 2003) or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, or residential agricultural purposes.

(b) On mineral rights within the meaning of paragraph (b) of the definition of "property" in section 1 of the Act.

(c) On a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds.

(d) On a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

11 REDUCTIONS

11.1 Reductions as contemplated in section 15 of the Act will be considered on an *ad-hoc* basis in the event of the following:-

11.1.1 Partial or total destruction of a property.

11.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

11.2 The following conditions shall be applicable in respect of 12.1:-

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11.2.1 The owner referred to in 12.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

11.2.2 Property owners will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

11.2.3 Upon verification by the Municipal Valuer, the destroyed property will be treated as a vacant stand.

11.2.3 If rates were paid in advance prior to granting of a reduction the municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

12 REBATES

12.1. Categories of properties

(a) Residential properties:

In addition to the impermissible rates of R15 000.00 as referred to in paragraph 11.1 (b) above, a further R35 000.00 exemption in the market value of a property will be granted, and a further rebate of 45% on the tariff computed will be granted to all residential properties including state owned residential properties. Nevertheless, the R 50 000.00 rebate on market value and the 45% rebate is not applicable to residential properties that are vacant.

(b) Agricultural properties:
The rate applicable to agricultural properties used solely for agricultural/farming purposes only will be calculated on a ratio of 1: 0.25 to residential properties, in line with Regulation Gazette No. 32061 of March 2009. The rate takes into account the socio - economic contributions that farmers make with respect to job creation, accommodation, provision of services etc

The 45% rebate applicable to residential properties will also be applicable to farm properties used for residential purposes. No rebate will be applicable to farm properties used for business and commercial purposes.

(d) **Public Service Infrastructure** as per definition, relates to essential services and shall therefore be **exempted from property rates (Sec 93A of MPRA Amendments).**

(e) Rates for property used for **Mining purposes** shall be determined by means of a ratio 1:2, 5 in relation to residential property.

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(f) Public Benefit Organisation Property (PBOs):

The rate applicable to public benefit organisation properties as listed in item 1(welfare and humanitarian), item 2(health care) and item 4(education and development) of part 1 of the ninth schedule to the Income Tax Act, No. 58 of 1962 only will be calculated on a ratio of 1: 0.25 in relation to residential properties. The property must be owned by public benefit organisation and used for the following activities:-

- Item 1: Welfare and Humanitarian
- Item 2: Health Care and
- Item 4: Education and Development.

i. Welfare and Humanitarian organisations

Properties used exclusively for the care or counselling of, or the provision of education programmes relating to, abandoned, abused, neglected, orphaned or homeless children as well as the provision of disaster relief, poverty relief, rehabilitative care or counselling or education of prisoners, community development for poor and needy persons etc. as listed in item 1 of part 1 of the Income Tax Act, No. 58 of 1962.

ii. Health care organisations

Properties owned and used by organisation whose sole purpose is the provision of health care services to poor and needy persons, the care or counselling of terminally ill persons with a severe physical or mental disability, and the counselling of their families in this regard, the prevention of HIV infection, the provision of preventative and education programmes relating to HIV/AIDS etc.as listed in item 2 of part 1 of the Income Tax Act, No. 58 of 1962.

iii. Education and Development organisations

Properties owned and used by organisations that provide education, higher education, Adult Basic education and training, further education and training i.e. schools, higher education institutions, public or private colleges etc. as defined by the South African Schools Act, 1996, Act 84 of 1996; the Higher Education Act, 1997, (Act 101 of 1997); the Adult Basic Education and Training Act, 2000, Act 52 of 2000; the Further Education and Training Colleges Act, 2006, Act 16 0f 2006 as listed in item 4 of part 1 of the Income Tax Act, No. 58 of 1962.

(g) Properties used for Public Service purposes

Public Service purpose properties include hospitals and clinics, schools, pre-schools, early childhood development centres and FETs; national and provincial libraries, police stations, prisons and courts of law. These properties are involved in rendering service directly to the public and should be

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considered for rebates in terms of section 15 (2a) (g) of MPRA amendment Act no 29 of 2014.

12.2 Retired and Disabled Persons Rate Rebate:

Retired and Disabled Persons qualify for special rebates of 45% according to monthly household income. The criteria for qualification will be as per clause 8.1.of this policy

12.3 The extent of the rebate in terms of 13.1 shall annually be determined by the municipality and it shall be included in the annual budget.

12.4 No exemptions, reductions or rebates will be granted on the following categories of property: (including properties of similar categories situated in Privately Owned towns)

(a) Business and commercial properties
(b) Industrial Property
(c) Mining properties
(d) Non-permitted use

SECTION E: LIABILITY FOR RATES

13. PAYMENT OF RATES

13.1 The rates levied on the properties shall be levied and payable on a monthly basis;

13.2 The municipality shall determine the due dates for payments and this date shall appear on the accounts forwarded to the owner/ tenant/ occupants/ agent;

13.3 Interest on arrears rates shall be calculated in accordance with the provisions of the Credit Control and Debt Collection policy of the municipality.

13.4 If a property owner who is responsible for the payment of property rates in terms of this policy, fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Credit Control and Debt Collection policy of the Municipality.

13.5 Arrear rates shall be recovered from tenants, occupiers and agents of the owner, in terms of section 28 and 29 of the Act as follows:-

13.5.1 If an amount, due for rates levied on a property, is not paid by the owner by the due date as shown on the account and no reaction is forthcoming from the owner after two written reminders have been issued, the municipality shall recover the amount in full or partially as follows:-

13.5.1.1 From the agent who is lawfully responsible to collect commission or rental in respect of the property concerned;

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13.5.1.2 From a tenant or occupier of the property, only after an attempt was made to collect it from an agent refer to in 14.5.2 but such attempt was unsuccessful or no such agent exists or only a part of the outstanding amount could successfully be recovered.

13.5.2 The amount recoverable is limited to the amount as stipulated in the Act and it may only be recovered after written notice has been served on the party concerned (tenant, occupier or agent) of the rates due and payable, but not yet paid by owner of the property.

13.5.3 The notice referred to in 14.5.2 shall give the party concerned at least 14 calendar days to pay the outstanding rates.

13.6 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.

13.7 In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied in terms of the municipality's Credit Control and Debt Collection Policy.

13.8 When levying rates, a municipality must levy the rate for a financial year, and this rate lapses at the end of the financial year for which it was levied:

(a) The levying of rates must form part of a municipality's annual budget process, and at this time of its budget, review the amount in the Rand of its current rates in line with its annual budget for the next financial year.

(b) A rate levied for a financial year may be increased during a financial year only when required in terms of a financial recovery plan (Section 28(6) of the MFMA).

(c) A rate becomes payable as from the start of a financial year.

13.9 The municipality shall as part of each annual operating budget determine a rate in the rand for every category.

Rates are levied in accordance with the MPRA as an amount in the rand based on the market value of all rateable property as reflected in the valuation roll and any supplementary valuation roll.

14. ACCOUNTS TO BE FURNISHED

14.1 The municipality will furnish each person liable for the payment of rates with a written account, which will specify:-

(i) the amount due for rates payable;

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(ii) the date on or before which the amount is payable;
(iii) how the amount was calculated;
(iv) the market value of the property; and
(v) rebates, exemptions, reductions or phasing-in, if applicable.

14.1. A person liable for a rate must furnish the municipality with an address where correspondence can be directed to. (E.g. postal, email etc.)

14.2 A person liable for payment of rates remains liable for such payment, whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries with the municipality.

14.3 In the case of joint ownership the municipality shall consistently, in order to minimise costs and unnecessary administration, recover rates from one of the joint owners only provided that it takes place with the consent of the owners concerned.

15. PHASING IN OF RATES

15.1 The rates to be levied on newly rateable property shall be phased in as explicitly provided for in section 21 of the Act.

15.2 The phasing–in discount on the properties referred to in section 21 shall be as follows:-

First year	:	75% of the relevant rate;
Second year	:	50% of the relevant rate; and
Third year	:	25% of the relevant rate

16. SPECIAL RATING AREAS

16.1 The municipality will, whenever deemed necessary, by means of a formal Council resolution determine special rating areas in consultation with the relevant communities as provided for in section 22 of the Act.

16.2 The following matters shall be attended to in consultation with the committee referred to in clause 17.3 whenever a special rating is being considered:-

16.2.1 Proposed boundaries of the special rating area;

16.2.2 Statistical data of the area concerned giving a comprehensive picture of the number of erven with its zoning, services being rendered and detail of services such as capacity, number of vacant erven and services that are not rendered;

16.2.3 Proposed improvements clearly indicating the estimated costs of each individual improvement;

16.2.4 Proposed financing of the improvements or projects;

16.2.5 Priority of projects if more than one;

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16.2.6 Social economic factors of the relevant community;

16.2.7 Different categories of property;

16.2.8 The amount of the proposed special rating;

16.2.9 Details regarding the implementation of the special rating;

16.2.10 The additional income that will be generated by means of this special rating.

16.3 A committee consisting of at least 6 members of the community of which 3 shall be women will be established to advise and consult the municipality in regard to the proposed special rating referred to above. This committee will be elected by the inhabitants of the area concerned who are 18 years of age or older. No person under the age of 18 may be elected to serve on the committee. The election of the committee will happen under the guidance of the Municipal Manager. The committee will serve in an advisory capacity only and will have no decisive powers.

16.4 The required consent of the relevant community shall be obtained in writing or by means of a formal voting process under the chairmanship of the Municipal Manager. A majority shall be regarded as 50% plus one of the households affected. Each relevant household, i.e. every receiver of a monthly municipal account, will have 1 vote only.

16.5 In determining the special additional rates the municipality shall differentiate between different categories as referred to in clause 7.

16.6 The additional rates levied shall be utilised for the purpose of improving or upgrading of the specific area only and not for any other purposes whatsoever.

16.7 The municipality shall establish separate accounting and other record-keeping systems, compliant with GAMAP/GRAP, for the identified area and the households concerned shall be kept informed of progress with projects and financial implications on an annual basis.

17. FREQUENCY OF VALUATION

17.1 The municipality shall prepare a new valuation roll after every 5 (five) years, with an option to extend the validity of the valuation roll to 7 (seven) years with the approval of the MEC for Cooperative Governance and Traditional Affairs in the province.

17.2 In accordance with the Act, the municipality, under exceptional circumstances, may decide to extend the validity of the valuation roll to 7 (seven) years by applying for approval by the MEC for Cooperative Governance and Traditional Affairs in the province.

17.3 Supplementary valuations may be done on a continuous basis and the municipality must at least once a year compile and publish a supplementary Valuation Roll of all properties on which a supplementary valuation was done.

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18. COMMUNITY PARTICIPATION

18.1 Before the municipality adopts the rates policy, the municipal manager will follow the process of community participation envisaged in chapter 4 of the Municipal Systems Act and comply with the following requirements:

18.1.1 Conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries (and on the website).

18.1.2 Advertise in the media a notice stating that the draft rates policy has been prepared for submission to council and that such policy is available at the various municipal offices and on the website for public inspection (property owners and interest persons may obtain a copy of the draft policy from the municipal offices during office hours at a prescribed fee per copy). Property owners and interest persons are invited to submit written comments or representations to the municipality within the specified period in the notice.

18.1.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

18.1.4 Public participation will take on the form of community meetings and consultations with various stakeholders in the vernacular to ensure optimal participation.

19 REGISTER OF PROPERTIES

19.1 The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

19.2 Part A of the register will consist of the current valuation roll of the municipality and will include all supplementary valuations done from time to time.

19.3 Part B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to:-

i. Exemption from rates in terms of section 15 of the Property Rates Act,
ii. Rebate or reduction in terms of section 15,
iii. Phasing-in of rates in terms of section 21, and
iv. Exclusions as referred to in section 17.

19.4 The register will be open for inspection by the public at the municipal main offices during office hours or on the website of the municipality.

19.5 The municipality will update Part A of the register during the supplementary valuation process.

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19.6 Part B of the register will be updated on an annual basis as part of the municipality's budget process and during the determination of the municipal tariffs.

20. BY-LAWS TO GIVE EFFECT TO THE RATES POLICY

The municipality will adopt By-laws to give effect to the implementation of the Rates Policy and such By-laws may differentiate between different categories of properties and different categories of owners of properties liable for the payment of rates.

21 ANNUAL REVIEW OF RATES POLICY

The rates policy must be reviewed on an annual basis to ensure that it complies with the Municipality's strategic objectives is contained in the Integrated Development Plan and with legislation.

22 ENFORCEMENT/IMPLEMENTATION

This policy will be implemented by Mogale City Local Municipality with effect from **1st July 2019.**

SECTION F: DISCLAIMER AND DELEGATION OF POWER

23 DISCLAIMER

A rate cannot be challenged on the basis of non-compliance with the rates policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to apply the provisions of the rates policy, he/she may raise the matter with the Municipal Manager of Mogale City.

24 DELEGATION OF POWER

Safe as otherwise provided in this Property Rates Policy, the Chief Financial Officer of Mogale City shall be empowered to apply and administer all powers pursuant thereto.

ADDENDUM

Mogale City Local Municipality will not levy rates on the first R50 000 of the Market Value of the property categorised as Residential in the General Valuation Roll and Supplementary Valuation Roll.

Valuation Roll will be continuously updated/amended through the Supplementary Valuation Roll.

Owners of the Organisations referred to as Public Benefit Organisation (PBO) need to annually furnish municipality with their PBO Tax exemption Certificate.

Properties Categorised as Place of Public Worship are Exempted.

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ANNEXURE 1

2019 / 2020 TARIFF RATIOS

NO	CATEGORY	RATIO
1	Residential Properties	1:1
2	**Industrial Properties**	1:2
3	Business & Commercial Properties	1:2
4	**Agricultural Properties**	1:0,25
	Agricultural Residential Properties	1:1
	Agricultural Business Properties	1:2
5	**Mining Properties**	1:2,5
6	**Vacant Properties**	1:4
7	Public Benefit Organisation	1:0,25
8	**State Owned/ Public Service Purposes:-**	
	Agricultural Properties	1:0,25
	Residential Properties	1:1
	Non-Residential	1:2
9	**Educational (Private School)**	1:2
10	Private Open Space	1:1,02
11	**Public Open Space**	1:1,02
12	Place of Public Worship	1:0
13	Public Service Infrastructure	1:0
14	**Municipal Property**	1:0
15	**Developers Accounts (75% Rebate)**	1:0,25

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ANNEXURE 1

Outcomes of Objection and furnishing of reasons fee. **R350.00** per property.

ADDITIONS AND OR AMENDMENTS RECOMMENDED

1. Replaced ''Education'' with Educational (Private School) in Paragraph 2.11.

2. Replaced '' Institutional'' with Place of Public Worship in Paragraph 2.16

3. Inclusion of additional meaning to Mining in Paragraph 2.20.

4. Revenue to Add/Include new Tariff for Mining Properties at a Ratio of 1:2,5.

5. Addition on Paragraph 2.29 Office Bearer.

6. Addition on Paragraph 2.30 (a) (b) Official Residence.

7. Addition/Inclusion of Paragraph 15.1.a. A person liable for rate to furnish municipality with address where the account is to be send.

8. Addition to paragraph 18.3 Supplementary valuation of all properties which were affected by supplementary to be compiled and publish at least once a year.

9. Addition/ Inclusion of an Addendum as well as Rates Ratio's.

10. Inclusion of a fee for the request of Outcome of Objection and Furnishing of reasons at R350.00 per property.

11. Inclusion of Section 13 (1) (c) **PSI shall be exempted from property rates**.

12. (c) Vacant Land developed to Residential properties

<u>Development/ Improvement of Vacant Land</u>

i) In relation to vacant land developed with a dwelling house, the same rebates will apply as in 10.1 (b) above **backdated to date of transfer** provided that the owner submits proof of finalising the residential property (Occupation Certificate) within a year of purchase and transfer of the property.

ii) In relation to vacant land sub-divided for the development of freehold ownership residential properties, each property will be rated at the imposed category after development, **backdated to date of issuance of building completion certificate**, provided that the property was developed within a 24-month period from date of approval of the township establishment. The onus remains with the owner to submit proof (Occupation Certificate) that the property development complies to the 24-month time frame.

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